
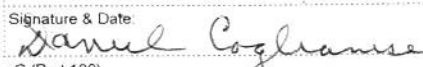


Due to ROE on Friday, October 14th
 Due to ISBE on Tuesday, November 15th
 SD/JA16

ILLINOIS STATE BOARD OF EDUCATION
 School Business Services Division
 100 North First Street, Springfield, Illinois 62777-0001
 217/785-8779

**Illinois School District/Joint Agreement
 Annual Financial Report ***
June 30, 2016

School District
 Joint Agreement

<p align="center">School District/Joint Agreement Information (See instructions on inside of this page.)</p>		<p align="center">Accounting Basis:</p> <p><input type="checkbox"/> CASH <input checked="" type="checkbox"/> ACCRUAL</p>		<p align="center">Certified Public Accountant Information</p>	
School District/Joint Agreement Number: 06-016-0890-02				Name of Auditing Firm: Miller, Cooper & Co., Ltd.	
County Name: Cook				Name of Audit Manager: Betsy Allen	
Name of School District/Joint Agreement: Maywood-Melrose Park-Broadview School District 89				Address: 1751 Lake Cook Road	
Address: 906 Walton Street		<p align="center">Filing Status: <u>Submit electronic AFR directly to ISBE</u></p>		City: State: Zip Code: Deerfield IL 60015	
City: Melrose Park		<p align="center">Click on the Link to Submit: Send ISBE a File</p>		Phone Number: Fax Number: 847-205-5000 847-205-1400	
Email Address: raymond.lauk@Maywood89.org				IL License Number (9 digit): Expiration Date: 065-046525 09/30/2018	
Zip Code: 60160		<p align="center">0</p>		Email Address: ballen@millercooper.com	
<p align="center">Annual Financial Report</p> Type of Auditor's Report Issued: <input type="checkbox"/> Qualified <input checked="" type="checkbox"/> Unqualified <input type="checkbox"/> Adverse <input type="checkbox"/> Disclaimer		<p align="center">Single Audit Status:</p> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Are Federal expenditures greater than \$750,000? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Is all Single Audit Information completed and attached? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Were any financial statement or federal awards findings issued?		<p align="center">ISBE Use Only</p>	
<input type="checkbox"/> Reviewed by District Superintendent/Administrator		<input type="checkbox"/> Reviewed by Township Treasurer (Cook County only) Name of Township:		<input type="checkbox"/> Reviewed by Regional Superintendent/Cook ISC	
District Superintendent/Administrator Name (Type or Print): Dr. David Negron		Township Treasurer Name (type or print)		Regional Superintendent/Cook ISC Name (Type or Print):	
Email Address: david.negron@maywood89.org		Email Address:		Email Address:	
Telephone: Fax Number: 708-450-2460 708-450-2461		Telephone: Fax Number:		Telephone: Fax Number:	
Signature & Date:  11-15-16		Signature & Date:  11-16-16		Signature & Date:	

* This form is based on 23 Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100).
 ISBE Form SD50-35/JA50-60 (05/16)

This form is based on 23 Illinois Administrative Code, Subtitle A, Chapter I, Subchapter C, Part 100.
 In some instances, use of open account codes (cells) may not be authorized by statute or administrative rule.
 Each school district or joint agreement is responsible for obtaining the concurring legal opinion and/or other supporting authorization/documentation, as necessary, to use the applicable account code (cell).

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INSTRUCTIONS/REQUIREMENTS: For School Districts/Joint Agreements

All School Districts/Joint Agreements must complete this form (Note: joint agreement supplementary/statistical schedules may not be applicable)

Round all amounts to the nearest dollar. Do not enter cents. (Exception: 9 Month ADA on page 28, line 78)

This form complies with Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing).

23, Illinois Administrative Code 100, Subtitle A, Chapter 1, Subchapter C (Part 100)

Any errors left unresolved by the Audit Checklist/Balancing Schedule must be explained in the itemization page.

Submit AFR Electronically

- * The Annual Financial Reports (AFR) must be submitted directly through the Attachment Manager to the AFR Group by the Auditor or School District designated personnel (Please see Instructions for complete submission procedures).

Attachment Manager Link

Note: CD/Disk no longer accepted.

- * AFR supporting documentation must be embedded as Microsoft Word (.doc), Word Perfect (*.wpd) or Adobe (*.pdf) and inserted within tab "Opinions & Notes". These documents include: The Audit, Management letter, Opinion letters, Compliance letters, Financial notes etc.... For embedding instructions see "Opinions & Notes" tab of this form.

Note: Adobe Acrobat (.pdf) files cannot be embedded if you do not have the software. Simply attach files as separate docs in the Attachment Manager and they will be embedded for you.*

Submit Paper Copy of AFR with Signatures

- 1) The auditor must send three paper copies of the AFR form (cover through page 8 at minimum) to the School District with the auditor signature.
Note: School Districts and Regional Superintendents may prefer a complete paper copy in lieu of an electronic file. Please comply with their requests as necessary.
- 2) Upon receipt, the School District retains one copy for their records, signs, and forwards the remaining two copies to the Regional Superintendent's office no later than October 15, annually.
- 3) Upon receipt, the Regional Superintendent's office retains one copy for their records, signs, and forwards the remaining paper copy to ISBE no later than November 15, annually.

- * Yellow Book, CPE, and Peer Review requirements must be met if the Auditor issues an opinion stating "Governmental Auditing Standards" were utilized.
Single Audit Act

Qualifications of Auditing Firm

- * School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program, for the current peer review period.
- * A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

AUDITOR'S QUESTIONNAIRE

INSTRUCTIONS: If your review and testing of State, Local, and Federal Programs revealed any of the following statements to be true, then check the box on the left, and attach the appropriate findings/comments.

PART A - FINDINGS

1. One or more school board members, administrators, certified school business officials, or other qualifying district employees failed to file economic interest statements pursuant to the *Illinois Government Ethics Act*. [5 ILCS 420/4A-101]
2. One or more custodians of funds failed to comply with the bonding requirements pursuant to *Sections 8-2, 10-20, 19 or 19-6 of the School Code*. [105 ILCS 5/8-2; 10-20, 19; 19-6]
3. One or more contracts were executed or purchases made contrary to the provisions of *Section 10-20.21 of the School Code*. [105 ILCS 5/10-20.21]
4. One or more violations of the Public Funds Deposit Act or the Public Funds Investment Act were noted. [30 ILCS 225/1 et. seq. and 30 ILCS 235/1 et. seq.]
5. Restricted funds were commingled in the accounting records or used for other than the purpose for which they were restricted.
6. One or more short-term loans or short-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
7. One or more long-term loans or long-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
8. Corporate Personal Property Replacement Tax monies were deposited and/or used without first satisfying the lien imposed pursuant to the *State Revenue Sharing Act*. [30 ILCS 115/12]
9. One or more interfund loans were made in non-conformity with the applicable authorizing statute or without statutory authorization.
10. One or more interfund loans were outstanding beyond the term provided by statute.
11. One or more permanent transfers were made in non-conformity with the applicable authorizing statute/regulation or without statutory/regulatory authorization.
12. Substantial, or systematic misclassification of budgetary items such as, but not limited to, revenues, receipts, expenditures, disbursements or expenses were observed.
13. The Chart of Accounts used to define and control budget and accounting records does not conform to the minimum requirements imposed by ISBE rules pursuant to *Sections 2-3.27 and 2-3.28 of the School Code*. [105 ILCS 5/2-3.27; 2-3.28]
14. **At least one of the following forms was filed with ISBE late: The FY15 AFR (ISBE FORM 50-35), FY15 Annual Statement of Affairs (ISBE Form 50-37) and FY16 Budget (ISBE FORM 50-36). Explain in the comments box below.**
ISBE rules pursuant to *Sections 3-15.1, 10-17, and 17-1 of the School Code* [105 ILCS 5/3-15.1; 5/10-17; 5/17-1]

PART B - FINANCIAL DIFFICULTIES/CERTIFICATION Criteria pursuant to Section 1A-8 of the School Code [105 ILCS 5/1A-8]

15. The district has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year's taxes when warrants or notes in anticipation of current year taxes are still outstanding, as authorized by *Sections 17-16 or 34-23 thru 34-27 of the School Code*. [105 ILCS 5/17-16 or 34-23 thru 34-27]
16. The district has issued short-term debt against two future revenue sources, such as, but not limited to, tax anticipation warrants and General State Aid certificates or tax anticipation warrants and revenue anticipation notes.
17. The district has issued school or teacher orders for wages as permitted in *Sections 8-16, 32-7.2 and 34-76 of the School Code* or issued funding bonds for this purpose pursuant to *Section 19-8 of the School Code*. [105 ILCS 5/8-6, 32-7.2, 34-76, and 19-8]
18. The district has for two consecutive years shown an excess of expenditures/other uses over revenues/other sources and beginning fund balances on its annual financial report for the aggregate totals of the Educational, Operations & Maintenance, Transportation, and Working Cash Funds.

PART C - OTHER ISSUES

19. Student Activity Funds, Imprest Funds, or other funds maintained by the district were excluded from the audit.
20. Findings, other than those listed in Part A (above), were reported (e.g. student activity fund findings).
21. Federal Stimulus Funds were not maintained and expended in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009. If checked, an explanation must be provided.
22. Check this box if the district is subject to the Property Tax Extension Limitation Law. Effective Date: 02/12/1995 (Ex: 00/00/0000)
23. If the type of Auditor Report designated on the cover page is other than an unqualified opinion and is due to reason(s) other than solely Cash Basis Accounting, please check and explain the reason(s) in the box below.

#14 - The District filed its FY15 AFR late due to accounting delays and staff turnover.

PART D - EXPLANATION OF ACCOUNTING PRACTICES FOR LATE MANDATED CATEGORICAL PAYMENTS

(For School Districts who report on an Accrual/Modified Accrual Accounting Basis only)

School districts that report on the accrual/modified accrual basis of accounting must identify where late mandated categorical payments (Acct Codes 3100, 3105, 3110, 3500, and 3510) are recorded. Depending on the accounting procedure these amounts will be used to adjust the Direct Receipts/Revenues in calculation 1 and 2 of the Financial Profile Score. In FY2016, identify those late payments recorded as Intergovernmental Receivables, Other Receivables, or Deferred Revenue & Other Current Liabilities or Direct Receipts/Revenue. Payments should only be listed once.

24. Enter the date that the district used to accrue mandated categorical payments

Date: 12/30/2016

25. For the listed mandated categorical (Revenue Code (3110, 3500, 3510, 3100, 3105) that were vouchered prior to June 30th, but not released until after year end as reported in ISBE FRIS system, enter the amounts that were accrued in the chart below.

Account Name	3100	3500	3510	3100	3105	Total
Deferred Revenues (490)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Direct Receipts/Revenue						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)	132,113	2,505	677	57,805	213,901	407,001
Total						407,001

* Revenue Code (3110-Sp Ed Personnel, 3510-Sp Ed Transportation, 3500-Regular/Vocational Transportation, 3105-Sp Ed Funding for Children Requiring Services, 3100-Sp Ed Private Facilities)

PART E - QUALIFICATIONS OF AUDITING FIRM

- * School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program for the current peer review.
- * A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

Comments Applicable to the Auditor's Questionnaire:

[Empty dashed box for comments]

Miller, Cooper & Co., Ltd.
Name of Audit Firm (print)

The undersigned affirms that this audit was conducted by a qualified auditing firm and in accordance with the applicable standards [23 Illinois Administrative Code Part 100] and the scope of the audit conformed to the requirements of subsection (a) or (b) of 23 Illinois Administrative Code Part 100 Section 110, as applicable.

Miller, Cooper & Co., Ltd.
Signature

11/15/2016
mm/dd/yyyy

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	FINANCIAL PROFILE INFORMATION												
2													
3	<i>Required to be completed for School Districts only.</i>												
4													
5	A. Tax Rates (Enter the tax rate - ex: .0150 for \$1.50)												
6													
7	Tax Year 2015		Equalized Assessed Valuation (EAV):		426,818,676								
8													
9	Educational		Operations & Maintenance		Transportation		Combined Total		Working Cash				
10	Rate(s): 0.021108		+ 0.003523		+ 0.001641		= 0.026270		0.000109				
11													
12													
13	B. Results of Operations *												
14													
15	Receipts/Revenues		Disbursements/Expenditures		Excess/ (Deficiency)		Fund Balance						
16	57,748,035		53,824,582		3,923,453		19,961,822						
17	* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 81 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.												
18													
19													
20	C. Short-Term Debt **												
21	CPPRT Notes		TAWs		TANs		TO/EMP. Orders		GSA Certificates				
22	0		+ 0		+ 0		+ 0		+ 0				
23	Other		Total										
24	0		= 0										
25	** The numbers shown are the sum of entries on page 25.												
26													
27													
28	D. Long-Term Debt												
29	Check the applicable box for long-term debt allowance by type of district.												
30													
31	<input checked="" type="checkbox"/> a. 6.9% for elementary and high school districts,		29,450,489										
32	<input type="checkbox"/> b. 13.8% for unit districts.												
33													
34	Long-Term Debt Outstanding:												
35													
36	c. Long-Term Debt (Principal only)		Acct										
37	Outstanding:.....		511		25,458,725								
38													
39													
40	E. Material Impact on Financial Position												
41	If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods.												
42	Attach sheets as needed explaining each item checked.												
43													
44	<input type="checkbox"/> Pending Litigation												
45	<input type="checkbox"/> Material Decrease in EAV												
46	<input type="checkbox"/> Material Increase/Decrease in Enrollment												
47	<input type="checkbox"/> Adverse Arbitration Ruling												
48	<input type="checkbox"/> Passage of Referendum												
49	<input type="checkbox"/> Taxes Filed Under Protest												
50	<input type="checkbox"/> Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)												
51	<input type="checkbox"/> Other Ongoing Concerns (Describe & Itemize)												
52													
53	Comments:												
54													
55													
56													
57													
58													
59													
60													
61													

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ESTIMATED FINANCIAL PROFILE SUMMARY
 (Go to the following website for reference to the Financial Profile)
www.isbe.net/sfms/p/profile.htm

District Name: Maywood-Melrose Park-Broadview School District 89
District Code: 06-016-0890-02
County Name: Cook

1. Fund Balance to Revenue Ratio:		Total	Ratio	Score	4
Total Sum of Fund Balance (P8, Cells C81, D81, F81 & I81)	Funds 10, 20, 40, 70 + (50 & 80 if negative)	19,961,822.00	0.346	Weight	0.35
Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)	Funds 10, 20, 40, & 70,	57,748,035.00		Value	1.40
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)					
2. Expenditures to Revenue Ratio:		Total	Ratio	Score	4
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)	Funds 10, 20 & 40	53,824,582.00	0.932	Adjustment	0
Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)	Funds 10, 20, 40 & 70,	57,748,035.00		Weight	0.35
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)	Minus Funds 10 & 20	0.00			
(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)			0	Value	1.40
Possible Adjustment:					
3. Days Cash on Hand:		Total	Days	Score	3
Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)	Funds 10, 20 40 & 70	21,712,739.00	145.22	Weight	0.10
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)	Funds 10, 20, 40 divided by 360	149,512.73		Value	0.30
4. Percent of Short-Term Borrowing Maximum Remaining:		Total	Percent	Score	4
Tax Anticipation Warrants Borrowed (P25, Cell F6-7 & F11)	Funds 10, 20 & 40	0.00	100.00	Weight	0.10
EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)	(85 x EAV) x Sum of Combined Tax Rates	9,530,647.63		Value	0.40
5. Percent of Long-Term Debt Margin Remaining:		Total	Percent	Score	1
Long-Term Debt Outstanding (P3, Cell H37)		25,458,725.00	13.55	Weight	0.10
Total Long-Term Debt Allowed (P3, Cell H31)		29,450,488.64		Value	0.10

Total Profile Score: 3.60 *

Estimated 2017 Financial Profile Designation: RECOGNITION

* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2016

	A	B	C	D	E	F	G	H	I	J	K
			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
1	ASSETS	Acct.									
2	(Enter Whole Dollars)	#	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
3	CURRENT ASSETS (100)										
4	Cash (Accounts 111 through 115) ¹		13,117,686	1,723,465	1,202,645	1,644,206	653,344	779,202	5,227,382	767,283	0
5	Investments	120	0	0	0	0	0	0	0	0	0
6	Taxes Receivable	130	4,785,986	762,546	1,258,692	355,129	887,920	0	23,421	235,003	0
7	Interfund Receivables	140	0	0	0	0	0	0	0	0	0
8	Intergovernmental Accounts Receivable	150	2,042,141	0	0	3,182	0	0	0	0	0
9	Other Receivables	160	0	0	0	0	0	0	0	0	0
10	Inventory	170	0	0	0	0	0	0	0	0	0
11	Prepaid Items	180	319,867	0	0	0	0	0	0	0	0
12	Other Current Assets (Describe & Itemize)	190	0	0	1,239,613	0	0	0	0	0	0
13	Total Current Assets		20,265,680	2,486,011	3,700,950	2,002,517	1,541,264	779,202	5,250,803	1,002,286	0
14	CAPITAL ASSETS (200)										
15	Works of Art & Historical Treasures	210									
16	Land	220									
17	Building & Building Improvements	230									
18	Site Improvements & Infrastructure	240									
19	Capitalized Equipment	250									
20	Construction in Progress	260									
21	Amount Available in Debt Service Funds	340									
22	Amount to be Provided for Payment on Long-Term Debt	350									
23	Total Capital Assets										
24	CURRENT LIABILITIES (400)										
25	Interfund Payables	410	0	0	0	0	0	0	0	0	0
26	Intergovernmental Accounts Payable	420	113,360	0	0	0	0	0	0	0	0
27	Other Payables	430	551,019	400,990	0	17,965	0	340	0	30,000	0
28	Contracts Payable	440	0	0	0	0	0	0	0	0	0
29	Loans Payable	460	0	0	0	0	0	0	0	0	0
30	Salaries & Benefits Payable	470	3,054,155	0	0	0	0	0	0	0	0
31	Payroll Deductions & Withholdings	480	23,496	0	0	0	35,393	0	0	0	0
32	Deferred Revenues & Other Current Liabilities	490	4,781,159	735,787	1,214,517	342,665	856,764	0	22,593	226,754	0
33	Due to Activity Fund Organizations	493	0	0	0	0	0	0	0	0	0
34	Total Current Liabilities		8,523,189	1,136,777	1,214,517	360,630	892,157	340	22,593	256,754	0
35	LONG-TERM LIABILITIES (500)										
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511									
37	Total Long-Term Liabilities										
38	Reserved Fund Balance	714	319,867	0	0	0	0	0	0	0	0
39	Unreserved Fund Balance	730	11,422,624	1,349,234	2,486,433	1,641,887	649,107	778,862	5,228,210	745,532	0
40	Investment in General Fixed Assets										
41	Total Liabilities and Fund Balance		20,265,680	2,486,011	3,700,950	2,002,517	1,541,264	779,202	5,250,803	1,002,286	0

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2016

1	A	B	L	M	N
2	ASSETS (Enter Whole Dollars)	Acct. #	Agency Fund	General Fixed Assets	General Long- Term Debt
3	CURRENT ASSETS (100)				
4	Cash (Accounts 111 through 115) ¹		150,627		
5	Investments	120			
6	Taxes Receivable	130			
7	Interfund Receivables	140			
8	Intergovernmental Accounts Receivable	150			
9	Other Receivables	160			
10	Inventory	170			
11	Prepaid Items	180			
12	Other Current Assets (Describe & Itemize)	190			
13	Total Current Assets		150,627		
14	CAPITAL ASSETS (200)				
15	Works of Art & Historical Treasures	210		0	
16	Land	220		22,532	
17	Building & Building Improvements	230		48,256,682	
18	Site Improvements & Infrastructure	240		197,003	
19	Capitalized Equipment	250		602,966	
20	Construction in Progress	260		547,279	
21	Amount Available in Debt Service Funds	340			2,486,433
22	Amount to be Provided for Payment on Long-Term Debt	350			22,972,292
23	Total Capital Assets			49,626,462	25,458,725
24	CURRENT LIABILITIES (400)				
25	Interfund Payables	410			
26	Intergovernmental Accounts Payable	420			
27	Other Payables	430			
28	Contracts Payable	440			
29	Loans Payable	460			
30	Salaries & Benefits Payable	470			
31	Payroll Deductions & Withholdings	480			
32	Deferred Revenues & Other Current Liabilities	490			
33	Due to Activity Fund Organizations	493	150,627		
34	Total Current Liabilities		150,627		
35	LONG-TERM LIABILITIES (500)				
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511			25,458,725
37	Total Long-Term Liabilities				25,458,725
38	Reserved Fund Balance	714			
39	Unreserved Fund Balance	730			
40	Investment in General Fixed Assets			49,626,462	
41	Total Liabilities and Fund Balance		150,627	49,626,462	25,458,725

BASIC FINANCIAL STATEMENT
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2016

1	A	B	C	D	E	F	G	H	I	J	K
2	Description (Enter Whole Dollars)	Acct #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/ Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort	(90) Fire Prevention & Safety
3	RECEIPTS/REVENUES										
4	LOCAL SOURCES	1000	10,133,308	1,461,108	2,391,765	503,833	1,693,711	5,993	65,915	645,966	0
5	FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT	2000	0	0	0	0	0	0	0	0	0
6	STATE SOURCES	3000	34,539,547	900,000	0	1,620,086	0	0	0	0	0
7	FEDERAL SOURCES	4000	8,524,238	0	225,218	0	0	0	0	0	0
8	Total Direct Receipts/Revenues		53,197,093	2,361,108	2,616,983	2,123,919	1,693,711	5,993	65,915	645,966	0
9	Receipts/Revenues for "On Behalf" Payments ²	3998	11,346,343	0	0	0	0	0	0	0	0
10	Total Receipts/Revenues		64,543,436	2,361,108	2,616,983	2,123,919	1,693,711	5,993	65,915	645,966	0
11	DISBURSEMENTS/EXPENDITURES										
12	Instruction	1000	27,449,291				466,828				
13	Support Services	2000	21,419,509	1,850,460		1,679,453	1,017,103	434,865		221,923	0
14	Community Services	3000	84,711	0		0	4,891				
15	Payments to Other Districts & Governmental Units	4000	1,205,789	51,120	0	84,249	0	0			
16	Debt Service	5000	0	0	2,671,176	0	0			0	0
17	Total Direct Disbursements/Expenditures		50,159,300	1,901,580	2,671,176	1,763,702	1,488,822	434,865		221,923	0
18	Disbursements/Expenditures for "On Behalf" Payments ²	4180	11,346,343	0	0	0	0	0		0	0
19	Total Disbursements/Expenditures		61,505,643	1,901,580	2,671,176	1,763,702	1,488,822	434,865		221,923	0
20	Excess of Direct Receipts/Revenues Over (Under) Direct Disbursements/Expenditures ³		3,037,793	459,528	(54,193)	360,217	204,889	(428,872)	65,915	424,043	0
21	OTHER SOURCES/USES OF FUNDS										
22	OTHER SOURCES OF FUNDS (7000)										
23	PERMANENT TRANSFER FROM VARIOUS FUNDS										
24	Abolishment of the Working Cash Fund ¹²	7110	0								
25	Abatement of the Working Cash Fund ¹²	7110	0	0	0	0	0	0		0	0
26	Transfer of Working Cash Fund Interest	7120	0	0	0	0	0	0		0	0
27	Transfer Among Funds	7130	0	0							
28	Transfer of Interest	7140	0	0	0	0	0	0	0	0	0
29	Transfer from Capital Project Fund to O&M Fund	7150		0							
30	Transfer of Excess Fire Prevention & Safety Tax and Interest Proceeds to O&M Fund ⁴	7160		0							
31	Transfer to Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund ⁵	7170			0						
32	SALE OF BONDS (7200)										
33	Principal on Bonds Sold	7210	0	0	0	0		0	0	0	0
34	Premium on Bonds Sold	7220	0	0	0	0		0	0	0	0
35	Accrued Interest on Bonds Sold	7230	0	0	0	0		0	0	0	0
36	Sale or Compensation for Fixed Assets ⁶	7300	0	0	0	0	0	0		0	0
37	Transfer to Debt Service to Pay Principal on Capital Leases	7400			0						
38	Transfer to Debt Service to Pay Interest on Capital Leases	7500			0						
39	Transfer to Debt Service to Pay Principal on Revenue Bonds	7600			0						
40	Transfer to Debt Service Fund to Pay Interest on Revenue Bonds	7700			0						
41	Transfer to Capital Projects Fund	7800						0			
42	ISBE Loan Proceeds	7900	0	0	0	0	0	0			0
43	Other Sources Not Classified Elsewhere	7990	0	0	298,245	0	0	0	0	0	0
44	Total Other Sources of Funds		0	0	298,245	0	0	0	0	0	0
45	OTHER USES OF FUNDS (8000)										

BASIC FINANCIAL STATEMENT
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2016

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
46	PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (8100)										
47	Abolishment or Abatement of the Working Cash Fund ¹²	8110							0		
48	Transfer of Working Cash Fund Interest ¹²	8120							0		
49	Transfer Among Funds	8130	0	0		0				0	
50	Transfer of Interest	8140	0	0	0	0	0	0			
51	Transfer from Capital Project Fund to O&M Fund	8150						0			
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund ⁴	8160									0
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund ⁵	8170									0
54	Taxes Pledged to Pay Principal on Capital Leases	8410	0	0				0			
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420									
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430									
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440									
58	Taxes Pledged to Pay Interest on Capital Leases	8510	0	0				0			
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520									
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530									
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540									
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610	0	0							
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620									
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630									
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640									
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710	0	0							
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720									
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730									
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740									
70	Taxes Transferred to Pay for Capital Projects	8810	0	0							
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820									
72	Other Revenues Pledged to Pay for Capital Projects	8830									
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840									
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910	0	0		0	0	0			0
75	Other Uses Not Classified Elsewhere	8990	0	298,245	0	0	0	0	0	0	0
76	Total Other Uses of Funds		0	298,245	0	0	0	0	0	0	0
77	Total Other Sources/Uses of Funds		0	(298,245)	298,245	0	0	0	0	0	0
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		3,037,793	161,283	244,052	360,217	204,889	(428,872)	65,915	424,043	0
79	Fund Balances - July 1, 2015		8,704,698	1,187,951	2,242,381	1,281,670	444,218	1,207,734	5,162,295	321,489	0
80	Other Changes in Fund Balances - Increases (Decreases) (Describe & Itemize)										
81	Fund Balances - June 30, 2016		11,742,491	1,349,234	2,486,433	1,641,887	649,107	778,862	5,228,210	745,532	0

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Members of the Board of Education
Maywood-Melrose Park-Broadview School District 89
Melrose Park, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maywood-Melrose Park-Broadview School District 89 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole.

The accompanying Annual Financial Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. As described more fully in Note A, this regulatory-based financial report is issued to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a basis of accounting other than, and differs from, accounting principles generally accepted in the United States of America. It is intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts. The effects on the Annual Financial Report of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The accompanying Basic Financial Statements, Supplementary Schedules, and Notes to Annual Financial Report, as listed in the table of contents of this Annual Financial Report, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The financial profile information, estimated financial profile summary, statistical section, estimated indirect cost rate for federal programs, report on shared services or outsourcing, administrative cost worksheet, itemization schedule, reference page, deficit reduction calculation, Audit Checklist/Balancing Schedule, Single Audit Information Checklist, and reconciliation of Federal Revenues, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

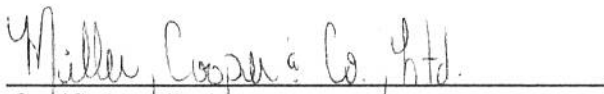
(Continued)

The answers to questions contained in the "Auditor's Questionnaire" and related comments are based solely on the procedures performed and data obtained during our audit of the basic financial statements of the District as of and for the year ended June 30, 2016.

Purpose of this Report

The purpose of this report is solely to comply with the regulatory provisions prescribed by the Illinois State Board of Education as described above and in Note A and not intended to be the District's primary presentation of its financial position and changes in its financial position. Accordingly, this report is not suitable for any other purpose.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
November 15, 2016

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maywood-Melrose Park-Broadview School District 89 (the District) conform to the regulatory provisions prescribed by the Illinois State Board of Education (regulatory basis), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), as applicable to Illinois school districts.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its operations that are controlled by or dependent upon the District, as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by Governmental Accounting Standards Board (GASB) pronouncements.

2. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 72, *Fair Value Measurement and Application*, issued in February 2015, which was implemented by the District during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value investments.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Property taxes, replacement taxes, interest, and intergovernmental revenues associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports deferred revenue on its financial statements. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the statement of position and revenue is recognized.

The District has the following fund types and account groups:

Governmental funds are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers most revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered before year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all or most of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund), and the acquisition or construction of major capital facilities (capital projects fund). The General (Educational) Fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The fiduciary fund statements are reported using the accrual basis of accounting.

The following funds are the District's funds:

a. General Fund

The Educational Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

b. Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service, Capital Projects, or fiduciary funds) that are legally restricted to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenues consist primarily of local property taxes and state grants.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

b. Special Revenue Funds (Continued)

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenues to finance contributions are derived primarily from local property taxes and personal property replacement taxes.

Working Cash Fund - accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Fund to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the General (Educational) Fund or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Fund of at least 0.05% of the District's current equalized assessed valuation.

Tort Fund - accounts for all revenues and expenditures related to risk management activities. Revenues consist primarily of local property taxes.

c. Debt Service Fund

Debt Services Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Fund

Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bond proceeds or transfers from other funds.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

e. Fiduciary Fund

The *Fiduciary Fund* accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

The *Agency Funds* - include student activity funds and convenience accounts. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships. Convenience accounts account for assets that are maintained by a local education agency as a convenience for other District Activities. The *Flex Insurance Fund* accounts for assets held by the District or behalf of the District's employees.

4. General Fixed Assets and General Long-Term Debt Account Groups

Account groups are used to establish accounting control and accountability for the District's capital assets and general long-term debt. The accounting and financial reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus.

Capital assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures paid in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. Donated capital assets are listed at acquisition value as of the date of acquisition. Depreciation accounting is not applicable, except to determine the per capita tuition charge. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized as part of capital assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The debt recorded in the District's General Long-Term Account Group consists of general obligation bonds and other long-term liabilities.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of the results of operations.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Deposits and Investments

State statutes require the District to use the investment services of the Proviso Township School Treasurer. Investments are stated at fair value, cost, amortized cost, or net asset value (NAV) per share as disclosed in the related notes. No amortization is made to interest income for discounted federal securities. Gains and losses on the sale of investments are recorded as interest income at the date of sale or maturity.

6. Property Tax Receivable

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 10, 2015. The District's property tax is levied each year on all taxable real property located in the District and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year are liable for taxes of that year.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County, except for certain railroad property, which is assessed directly by the state. The county is reassessed every three years by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.6685 for 2015.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2015 tax levy was \$426,818,676.

Property taxes are collected by the Cook County Collector/Treasurer who remits them to the School Treasurer. Taxes levied in one year become due and payable in two installments on March 1 and August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment, and equalization, and any changes from the prior year will be reflected in the second installment bill.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Property Tax Receivable (Continued)

The portion of the 2015 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 3%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as deferred revenue.

6. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance allocated at the discretion of the District.

7. Capital Assets

Capital assets used in governmental fund types of the District are recorded in the General Fixed Assets Account Group. Capital assets are defined by the District as assets with an initial individual or group cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method and is reflected for informational purposes only. Depreciation of capital assets is not charged to operations of the District. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20 - 50
Land improvements	20
Equipment	5 - 15

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital Assets (Continued)

Construction in progress is stated at cost and included engineering and design incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and put in use.

8. Compensated Absences

Non-certified and certified employees who work a twelve-month year are entitled to be compensated for vacation time. Vacation time is accrued throughout the year for all employees. Only certain administrators and the technology staff may carry over up to 15 days to a subsequent year. All other employees will lose accumulated vacation days if not used. At June 30, 2016, accumulated unpaid vacation pay was \$51,715.

Non-certified and certified employees receive a specified number of sick days per year depending on years of service in accordance with the agreement between the Board of Education and the Education Association. Unused sick leave days are accumulated. Upon retirement from the District, certified and non-certified employees receive creditable service time for accumulated sick days for TRS and IMRF, respectively. Employee sick leave is recorded when paid. Due to the nature of the policies on sick leave, no liability has been recorded as of June 30, 2016.

9. Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported on the General Long-Term Debt Account Group.

Governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in the fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

11. Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are at fair value.

NOTE B - LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the state for the employer's share of the Teacher's Retirement Pension. Annual budgets are adopted by fund for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE B - LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS (Continued)

- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December of each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) The budget amounts shown in the financial statements are as originally was adopted by the Board of Education on September 10, 2015 and as amended on June 9, 2016.

NOTE C - DEPOSITS AND INVESTMENTS

The District's investment policy, which is the same as the Treasurer's, is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

1. Cash and Investments Under the Custody of the Township Treasurer

As explained in Note A-5, the Illinois Compiled Statutes require the District to utilize the investment services of the Proviso Township School Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The investment policies are established by the Treasurer, as prescribed by the Illinois Compiled Statutes. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the School Board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed above.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Cash and Investments Under the Custody of the Township Treasurer (Continued)

District cash and investments (other than the student activity, imprest, and employee benefit program trust funds) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed based upon the District's percentage participation in the pool. Cash for all funds, including cash applicable to the Debt Service Fund and the Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Proviso Township School Trustees, as prescribed by the Illinois School Code. The Treasurer is authorized to invest in obligations of the U.S. Treasurer, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value (which equals cost) of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 0.896 years at June 30, 2016. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$267,556,559, and the fair value of the District's proportionate share of the pool was \$22,635,471.

Because all cash and investments are pooled by a separate legal governmental agency (the Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

2. Cash and Investments in the Custody of the District

Deposits of the student activity, imprest funds, and employee benefit program account, which are held in the District's custody, consist of deposits with financial institutions. At June 30, 2016, the carrying value of the District's student activity, imprest funds, and employee benefit program account was \$2,630,366, all of which was deposited with financial institutions (accounts held in demand and savings accounts). The District also has a cash deposit with a paying agent, held for future payments of bond principal and interest.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Cash and Investments in the Custody of the District (Continued)

Custodial Credit Risk -With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2016, the District had no uninsured cash balances.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance <u>July 1, 2015</u>	Additions	Deletions	Balance <u>June 30, 2016</u>
Land	\$ 22,532	\$ -	\$ -	\$ 22,532
Construction in progress	2,908,511	547,279	2,908,511	547,279
Buildings and building improvements	44,873,015	3,383,667	-	48,256,682
Land improvements	197,003	-	-	197,003
Equipment	538,152	64,814	-	602,966
Total capital assets	<u>\$ 48,539,213</u>	<u>\$ 3,995,760</u>	<u>\$ 2,908,511</u>	<u>\$ 49,626,462</u>

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE E - LONG-TERM LIABILITIES

The following is the long-term liability activity for the District for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions /</u> <u>Accretion</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Bonds payable	\$ 26,470,114	\$ 1,123,611	\$ 2,135,000	\$ 25,458,725
Subtotal - Regulatory basis	26,470,114	1,123,611	2,135,000	25,458,725
Unamortized bond premiums	384,389	-	32,955	351,434
Compensated absences	32,515	194,776	175,576	51,715
IMRF net pension liability	339,368	4,452,583	1,120,158	3,671,793
TRS net pension liability	<u>11,360,210</u>	<u>-</u>	<u>4,994,619</u>	<u>6,365,591</u>
Total - Government Wide	<u>\$ 38,586,596</u>	<u>\$ 5,770,970</u>	<u>\$ 8,458,308</u>	<u>\$ 35,899,258</u>

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE E - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds

The summary of activity in bonds payable for the year ended June 30, 2016 is as follows:

	Bonds Payable July 1, 2015	Debt Issued/ Accretion	Debt Retired	Bonds Payable June 30, 2016
Capital Appreciation Bonds, Series 2007, interest at 5.70% to 6.50%, maturing on December 1, 2024	\$ 15,044,035	\$ 909,906	\$ 2,135,000	\$ 13,818,941
Capital Appreciation Bonds, Series 2010A, interest at 7.78% to 8.25%, maturing on December 15, 2026	2,197,064	179,139	-	2,376,203
Limited Tax Bonds, Series 2010B, interest at 8.75%, maturing on December 15, 2026	705,000	-	-	705,000
Tax Alternate Revenue Bonds, Series 2010C (QZAB), interest at 5.50% to 7.75%, maturing on December 15, 2029.	4,500,000	-	-	4,500,000
Limited Tax Bonds, Series 2014A, interest at 5.00%, maturing on December 15, 2029	3,350,000	-	-	3,350,000
Capital Appreciation Bonds, Series 2014B, interest at 5.25%, maturing on December 15, 2028	674,015	34,566	-	708,581
Total	\$ 26,470,114	\$ 1,123,611	\$ 2,135,000	\$ 25,458,725

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE E - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds (Continued)

The bonds payable at June 30, 2016 is as follows:

	Interest Rates	Face Amount	Carrying Amount
Capital Appreciation Bonds, Series 2007	5.70% - 6.50%	\$ 17,770,000	\$ 13,818,941
Capital Appreciation Bonds, Series 2010A	7.78% - 8.25%	5,000,000	2,376,203
Limited Tax Bonds, Series 2010B	8.75%	705,000	705,000
Tax Alternate Revenue Bonds, Series 2010C (QZAB)	5.50% - 7.75%	4,500,000	4,500,000
Limited Tax Bonds, Series 2014A	5.00%	3,350,000	3,350,000
Capital Appreciation Bonds, Series 2014B	5.25%	1,350,000	708,581
		\$ 32,675,000	\$ 25,458,725

At June 30, 2016, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

Year Ending	Principal	Interest	Total
June 30,			
2017	\$ 3,370,000	\$ 498,686	\$ 3,868,686
2018	2,135,000	464,724	2,599,724
2019	2,135,000	464,724	2,599,724
2020	2,135,000	464,724	2,599,724
2021	3,135,000	432,224	3,567,224
2022 - 2026	11,925,000	1,771,430	13,696,430
2027 - 2030	7,840,000	510,775	8,350,775
	\$ 32,675,000	\$ 4,607,287	\$ 37,282,287

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$2,486,433 in the Debt Service Fund to service the outstanding bonds payable.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2016, the statutory debt limit for the District was \$29,450,489, of which \$3,991,763 is fully available.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE F - OPERATING LEASES

The District leases various copiers and a postage machine through April 2021. Total costs for such leases were approximately \$153,000 for the year ended June 30, 2016. Future minimum rental commitments are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2017	\$ 112,159
2018	112,159
2019	11,624
2020	2,484
2021	<u>1,863</u>
	<u>\$ 240,289</u>

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover these risks. The amount of coverage has not decreased nor has the amount of settlements exceeded coverage in any of the past three fiscal years. It is not the policy of the District to purchase a majority of the medical insurance needed to cover its employees. Instead, management believes that it is more economical to manage its risks by funding a self-insurance account and by having an outside agency administer its medical claims. The District does not assume unlimited liability for medical claims. As of June 30, 2016, the District had purchased insurance to cover claims (stop-loss) in excess of \$130,000 per employee.

The District makes payments to the self-insurance account (medical, dental, and pharmacy) based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The General Fund reports a liability for insurance claims payable in the amount of \$317,976, which is comprised of an estimate of claims incurred but not yet reported based on a twelve-month moving average. The following is a reconciliation of insurance claims payable.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE G - RISK MANAGEMENT (Continued)

Balances of claims liabilities during the past two years are as follows:

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 342,051	\$ 250,312
Provision for incurred claims	6,939,796	6,242,966
Claim payments	<u>(6,963,871)</u>	<u>(6,151,227)</u>
Unpaid claims, end of fiscal year	<u>\$ 317,976</u>	<u>\$ 342,051</u>

NOTE H - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Benefits Provided (Continued)

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$11,084,677 in pension contributions from the state of Illinois.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$141,838, and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$1,242,834 were paid from federal and special trust funds that required employer contributions of \$448,166. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Early Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District paid \$18,397 to TRS for employer ERO contributions.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District paid \$7,587 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	6,365,591
State's proportionate share of the net pension liability associated with the District		<u>135,297,074</u>
Total	\$	<u><u>141,662,665</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the District's proportion was 0.0097169657 percent, which was a decrease of 0.0089496989 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$10,493,860 and revenue of \$11,084,677 for support provided by the state. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,366	\$ 6,978
Changes in assumptions	88,030	-
Net difference between projected and actual earnings on pension plan investments	126,066	222,902
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>178,098</u>	<u>4,557,756</u>
Total deferred amount to be recognized in pension expense in the future period	394,560	4,787,636
District contributions subsequent to the measurement date	<u>590,004</u>	-
Total deferred amounts related to pensions	<u>\$ 984,564</u>	<u>\$ 4,787,636</u>

The District reported \$590,004 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Year ended June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 1,124,054
2018	1,124,054
2019	1,124,054
2020	1,020,914
Thereafter	-
	<u>\$ 4,393,076</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18 %	7.53 %
Global equity (excluding U.S.)	18	7.88
Aggregate bonds	16	1.57
U.S. TIPS	2	2.82
NCREIF	11	5.11
Opportunistic real estate	4	9.09
ARS	8	2.57
Risk parity	8	4.87
Diversified inflation strategy	1	3.26
Private equity	14	12.33
Total	<u>100 %</u>	

Discount Rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	<u>1% Decrease (6.47%)</u>	<u>Current Discount (7.47%)</u>	<u>1% Increase (8.47%)</u>
District's proportionate share of the net pension liability	\$ 7,866,310	\$ 6,365,591	\$ 5,134,961

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	133
Inactive plan members entitled to but not yet receiving benefits	98
Active plan members	<u>143</u>
Total	<u><u>374</u></u>

Contributions

As set by statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. This actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year. The District's annual contribution rate for calendar year 2015 was 10.38%. For the fiscal year ended June 30, 2016 the District contributed \$654,430 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Maywood-Melrose Park-Broadview School District 89
NOTES TO THE ANNUAL FINANCIAL REPORT
June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.48%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projections scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied fro non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
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Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate (Continued)

- b. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.48%.

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2015:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2014	\$ 29,616,002	\$ 29,276,634	\$ 339,368
Changes for the year:			
Service cost	634,214	-	634,214
Interest on the total pension liability	2,186,652	-	2,186,652
Difference between expected and actual experience of the total pension liability	1,294,156	-	1,294,156
Changes of assumptions	79,431	-	79,431
Contributions - employer	-	683,325	(683,325)
Contributions - employees	-	291,901	(291,901)
Net investment income	-	144,932	(144,932)
Benefit payments, including refunds of employee contributions	(1,555,504)	(1,555,504)	-
Other (net transfer)	-	(258,130)	258,130
Net changes	<u>2,638,949</u>	<u>(693,476)</u>	<u>3,332,425</u>
Balances at December 31, 2015	<u>\$ 32,254,951</u>	<u>\$ 28,583,158</u>	<u>\$ 3,671,793</u>

Maywood-Melrose Park-Broadview School District 89
 NOTES TO THE ANNUAL FINANCIAL REPORT
June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.48%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.48%)</u>
Net pension liability	\$ <u>7,975,813</u>	\$ <u>3,671,793</u>	\$ <u>128,241</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the District recognized pension expense of \$1,570,540. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 943,683	\$ 377,400
Change of assumptions	591,892	-
Net difference between projected and actual earnings on pension plan investments	<u>1,844,674</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	3,380,249	377,400
Pension contributions made subsequent to the measurement date	<u>321,231</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 3,701,480</u>	<u>\$ 377,400</u>

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The District reported \$321,231 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		<u>Net Deferred Outflows of Resources</u>
2016	\$	947,752
2017		913,322
2018		737,900
2019		403,875
2020		-
Thereafter		-
		<hr/>
Total	\$	<u><u>3,002,849</u></u>

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE H - PENSION LIABILITIES (Continued)

3. Summary of Pension Items

Below is a summary of the various pension items:

	<u>TRS</u>	<u>IMRF</u>	<u>Total</u>
Deferred outflows of resources:			
Employer contributions	\$ 590,004	\$ 321,231	\$ 911,235
Experience	2,366	943,683	946,049
Assumptions	88,030	591,892	679,922
Proportionate share	178,098	-	178,098
Investments	126,066	1,844,674	1,970,740
	<u>\$ 984,564</u>	<u>\$ 3,701,480</u>	<u>\$ 4,686,044</u>
Net pension liability	<u>\$ 6,365,591</u>	<u>\$ 3,671,793</u>	<u>\$ 10,037,384</u>
Deferred inflows of resources:			
Investments	222,902	-	222,902
Experience	6,978	377,400	384,378
Proportionate share	4,557,756	-	4,557,756
	<u>\$ 4,787,636</u>	<u>\$ 377,400</u>	<u>\$ 5,165,036</u>

4. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE I - OTHER POSTEMPLOYMENT BENEFITS

1. Teachers' Health Insurance Security (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$261,666 and the District recognized revenue and expenditures of this amount during the year.

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$195,638 to the THIS Fund, which was 100 percent of the required contribution.

Maywood-Melrose Park-Broadview School District 89
NOTES TO THE ANNUAL FINANCIAL REPORT
June 30, 2016

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

2. Retiree Health Plan

Plan Description

The District provides limited health care insurance for its eligible retired employees.

As of June 30, 2016, the following employees were covered by the benefit terms:

Actives fully eligible to retire	24
Actives not yet fully eligible to retire	65
Retirees	<u>32</u>
Total	<u><u>121</u></u>

Funding Policy

The District has not established a trust fund to accommodate assets for the payment of health care benefits. Funding is provided by the District on a pay-as-you-go basis. The District's contribution on behalf of the employees was \$14,559 for 2016.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net estimated OPEB obligation.

	June 30, 2016
Annual required contribution	\$ 69,417
Interest on net OPEB obligation	(6,439)
Adjustment to annual required contribution	5,366
Annual OPEB cost	68,344
Contributions made	(14,559)
Increase in net OPEB asset	53,785
Net OPEB asset, beginning of year	(160,970)
Net OPEB asset, end of year	\$ (107,185)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2015 and the two preceding fiscal years were as follows:

Actuarial Valuation Date	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Asset
6/30/16	\$ 68,344	21.3%	\$ (107,185)
6/30/15 *	\$ 278,569	26.6%	\$ (160,970)
6/30/14	\$ 278,569	67.2%	\$ (86,900)

* Annual OPEB cost estimate using ARC from prior year valuation information.

Maywood-Melrose Park-Broadview School District 89
NOTES TO THE ANNUAL FINANCIAL REPORT
June 30, 2016

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Funding Status and Funding Progress

As of June 30, 2016, the actuarial accrued liability for benefits was \$849,167, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,386,909 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18%.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Actuarial methods and assumptions	
Actuarial valuation date	July 1, 2015
Investment rate of return	
Expected return on plan assets	N/A
Expected return on employer's assets	4.00%
Rate of compensation increase	4.00%
Assumed health care trend rates	
Initial health care cost trend rate	5.50%
Ultimate health care cost trend rate	5.00%
Fiscal year the ultimate rate is reached	Fiscal Year 2026
Additional information	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Amortization period (years)	30
Method used to determine actuarial value of assets	N/A

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE J - FUND BALANCE

In the fund financial statements, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned. The Regulatory Model, followed by the District, only reports reserved and unreserved fund balances. Below are definitions of the difference of how these balances are reported.

I. Generally Accepted Accounting Principles

- a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash, such as prepaid items or inventories.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, or laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any other purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. The District does not have any committed fund balances at June 30, 2016.
- d. *Assigned* - refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board of Education or the individual to which the Board of Education delegates the authority to assign amounts to be used for specific purposes. The Board of Education has not delegated this authority as of June 30, 2016, or have any assigned fund balances at June 30, 2016.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, assigned balances, and, finally, they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE J - FUND BALANCE (Continued)

2. Regulatory Model

- a. Reserved Fund Balances are those balances that are reserved for a specific purpose, other than the regular purpose of any given fund.
- b. Unreserved Fund Balances are those balances that are not reserved for a specific purpose, other than the regular purpose of any given fund.

3. Reconciliation of Fund Balance Reporting

The first five columns of the following table represents Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

Fund	Generally Accepted Accounting Principles					Regulatory Basis	
	Non spendable	Restricted	Committed	Assigned	Unassigned	Reserved	Unreserved
Educational	\$ 319,867	\$ -	\$ -	\$ -	\$ 11,422,624	\$ 319,867	\$ 11,422,624
Operations and Maintenance	-	1,349,234	-	-	-	-	1,349,234
Debt Service	-	2,486,433	-	-	-	-	2,486,433
Transportation	-	1,641,887	-	-	-	-	1,641,887
Municipal Retirement/ Social Security	-	649,107	-	-	-	-	649,107
Capital Projects	-	778,862	-	-	-	-	778,862
Working Cash	-	-	-	-	5,228,210	-	5,228,210
Tort	-	745,532	-	-	-	-	745,532
Total	<u>\$ 319,867</u>	<u>\$ 7,651,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,650,834</u>	<u>\$ 319,867</u>	<u>\$ 24,301,889</u>

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE K - INTERFUND TRANSFER

The District transferred \$298,245 to the Debt Service Fund from the Operations and Maintenance Fund. The amount transferred is to provide funds to the Debt Service Fund to be used for debt service payments.

NOTE L - JOINT AGREEMENTS

The District is a member of various joint agreements that provide certain special education services to residents of many school districts. The District believes that, because it does not control the selection of the governing authority and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint governing boards, these are properly not included as component units of the District.

NOTE M - COMMITMENTS

As of June 30, 2016, the District has committed to pay approximately \$415,000 for capital asset purchases.

NOTE N - CONTINGENCIES

1. Litigation

The District is subject to legal actions in the normal course of operations. Although litigation is subject to many uncertainties and the ultimate exposure with respect to these matters cannot be ascertained, management believes that the legal actions against the District will not have a material adverse impact on the financial position or operations of the District.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Maywood-Melrose Park-Broadview School District 89

NOTES TO THE ANNUAL FINANCIAL REPORT

June 30, 2016

NOTE O - SPECIAL EDUCATION - GENERAL STATE AID

In fiscal year 2016, the District must expend from their General State Aid an amount computed for the provision of special education services as defined in Section 14-1.08 of Illinois Public Act PA 99-0523. The amount was computed using the District's final December 1, 2014, special education child count in proportion to the total child count of the state. In accordance with Public Act 99-0523, \$9,008 of Special Education line item 1200 was paid with revenue code 3001.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2016, the date that these financial statements were available to be issued. On August 9, 2016, the District entered into a finance agreement for new equipment for the District totaling \$579,170. Management has determined that no other events or transactions have occurred subsequent to the statement of position date that require disclosure in the financial statements.